No. 83-1163

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1983

BOLAR PHARMACEUTICAL CO., INC.,

Petitioner,

—v.—

CIBA-GEIGY CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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COUNTERSTATEMENT OF QUESTIONS PRESENTED

1. Does the instant Petition present a justiciable controversy for this Court: (a) where the judgment of the Court of Appeals sought to be reviewed merely affirmed the grant of a *preliminary* injunction which is no longer in effect, the District Court thereafter having entered a *final* judgment *permanently* enjoining petitioner's conduct; and (b) where that final judgment has been appealed to the Court of Appeals and that court has not yet passed upon its propriety?

2. Even assuming the existence of a justiciable controversy, does this case warrant the sparing exercise of this Court's extraordinary certiorari jurisdiction: (a) where the preliminary injunction affirmed by the Court of Appeals was supported by two *alternative* findings of liability—the tort of "unprivileged imitation" and the tort of "passing off"; and (b) where, contrary to petitioner's assertion, neither finding is in conflict with this Court's decision in *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844 (1982) ("*Ives*"), because:

—With respect to the tort of "unprivileged imitation":

(a) The Court of Appeals *affirmed* the trial court's *factual* finding of "nonfunctionality" as not clearly erroneous, whereas in *Ives*, in the context of a claim of contributory trademark infringement, the Second Circuit *reversed* the trial court's *factual* finding of "functionality" *without* applying the clearly erroneous test; and

(b) The Court of Appeals affirmed the trial court's *factual* finding of "secondary meaning" as not being clearly erroneous, whereas in *Ives* this Court did not address the sufficiency of the evidence necessary to establish "secondary meaning"; and

—With respect to the alternative finding of "passing off":

(a) The Court of Appeals explicitly did "not address" the alleged conflict between the District Court's application of the "reasonable anticipation" standard for the tort of "passing off" under § 43(a) of the Lanham Act and *Ives*' rejection of that test for contributory infringement under § 32 of the Lanham Act, the Third Circuit instead holding that the "reasonable anticipation" standard was the appropriate test for "passing off" under New Jersey state law;

(b) *Ives* dealt only with the propriety of the "reasonable anticipation" standard for a claim of contributory infringement under § 32 of the Lanham Act and *not* for a claim of "passing off" under § 43(a) of the Act, which this Court noted in *Ives* "prohibits a broader range of practices than § 32"; and

(c) The District Court "alternatively" found that there was "a substantial likelihood that plaintiff will succeed in proving that [petitioner] *actually intended* to facilitate . . . illegal substitution among pharmacists"—a factual finding which is not clearly erroneous and which would satisfy even *Ives*' standard for contributory infringement under § 32?

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STATEMENT PURSUANT TO SUPREME COURT RULE 28.1

CIBA-GEIGY Corporation, a privately-owned New York corporation, states that its parent is CIBA-GEIGY Ltd., a Swiss corporation. Each company's subsidiaries are wholly owned.

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RESPONDENT'S BRIEF IN OPPOSITION

Respondent CIBA-GEIGY Corporation ("CIBA") respectfully submits that the instant Petition fails to present a single "special and important" reason warranting the issuance of a writ of certiorari. *See* Sup. Ct. Rule 17. Indeed, the Petition does not even present a justiciable controversy for this Court. That is because the Court of Appeals' judgment sought to be reviewed merely affirmed a *preliminary* injunction—a preliminary injunction which was subsequently superseded by the District Court's entry of a *final* judgment whose propriety is presently pending on appeal to the Third Circuit. For this reason alone, it would be improvident to grant certiorari.

What is more, even assuming the existence of a justiciable controversy in this Court, the lack of any conflict between the decision below and any decision of this Court or any other

circuit court, and the numerous alternative federal and state grounds to support the District Court's decision—all of which were predicated on factual findings not deemed clearly erroneous by the Court of Appeals—lead ineluctably to the conclusion that the Petition presents no basis for the invocation of this Court's extraordinary certiorari jurisdiction.

STATEMENT OF THE CASE

The Petition presents an incomplete, misleading and distorted version of both the relevant facts and the proceedings below—not the least of which is its studied effort to bury the fact that there is no justiciable controversy before this Court because the preliminary injunction that it seeks to vacate has been superseded by a final judgment whose propriety the Court of Appeals has not yet addressed.[1]

The salient evidentiary facts are set forth in what the Court of Appeals described as the "thoughtful and detailed opinion" of the District Court (A. 4), and will not be repeated here except insofar as necessary to a proper understanding of the rulings below.[2] Suffice it to say that the Petition presents a one-sided statement of the facts, which largely ignores the District Court's findings and the substantial record evidence on which they were predicated.[3]

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1 The Petition's sole acknowledgement of this circumstance is its passing reference at page 1 to "[t]he unreported orders of the District Court converting the preliminary injunction hearing to a final trial on the merits and entering a permanent injunction. . . ." (Petition at 1) Thereafter, petitioner scrupulously avoids mentioning this fact, much less discussing its dispositive significance.

2 The District Court's opinion granting CIBA's motion for a preliminary injunction is officially reported at 547 F. Supp. 1095, and the Court of Appeals' affirmance is officially reported at 719 F.2d 56.

3 Similarly, the *amicus* briefs of the National Association of Pharmaceutical Manufacturers ("NAPM"), the American Association of Retired Persons, the National Council of Senior Citizens and the Illinois Pharmacists Association—apart from their failure to address the Petition's fatal lack of justiciability—are replete with factual state-

A. The Preliminary Injunction Proceedings in the District Court

CIBA commenced this action on March 12, 1982, alleging that petitioner Bolar Pharmaceutical Co., Inc. ("Bolar") had violated both the federal and New Jersey state law of unfair competition by intentionally duplicating the trade dress of CIBA's brand name prescription drug APRESAZIDE.[4] On March 17, 1982, the District Court temporarily restrained Bolar from selling its generic version of CIBA's product in confusingly similar trade dress and ordered Bolar to show cause why such conduct should not be preliminarily enjoined. (A. 10)

After a three-day evidentiary hearing at which seven witnesses testified and 162 exhibits were admitted into evidence (A. 11), the District Court granted CIBA's motion for a preliminary injunction. The reasons for the injunction's issuance were thoroughly set forth in a 41-page opinion which constituted the District Court's findings of fact and conclusions of law. (A. 9-50) As the trial judge took pains to note, those findings and conclusions were:

> ". . . based upon a careful review of the entire record, an appraisal of the witnesses' credibility and demeanor and the reasonable inferences to be drawn therefrom. . . ." (A. 11)

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ments and assumptions which are not only outside of, but contrary to the record underlying the District Court's fact findings. As this Court recently noted, "[t]he stated desires of *amici* concerning the outcome of this or any litigation . . . are not evidence in this case, and do not influence our decisions. . . ." Sony Corp. v. Universal City Studios, Inc., 52 U.S.L.W. 4090, 4094 n.16 (U.S. Jan. 17, 1984).

4 The term "trade dress" is used here, as it was by the courts below, in its "modern sense" to refer to the physical appearance of CIBA's APRESAZIDE products. *See* Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 80 n.2 (3d Cir. 1982). "APRESAZIDE," a federally registered trademark, is CIBA's brand name for its antihypertensive combination products containing the drugs hydralazine hydrochloride and hydrochlorothiazide.

Applying the traditional criteria governing the issuance of a preliminary injunction, the District Court held that there was a reasonable likelihood that CIBA would establish at trial that Bolar's intentional duplication of APRESAZIDE's trade dress constituted two independent violations of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and the New Jersey law of unfair competition—the separate torts of "unprivileged imitation" and "passing off." (A. 35-44, 44-47)

The District Court first addressed the two elements of "unprivileged imitation" under § 43(a) of the Lanham Act and New Jersey law—nonfunctionality and secondary meaning.[5] With respect to the former, the trial judge held that this Court's "narrow" ruling in *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844 (1982) ("*Ives*"), did not preclude it as a matter of law "from evaluating the relevant evidence and concluding that the trade dress here in issue is nonfunctional." (A. 39-40) And based upon that evidence, the District Court found that the adoption of APRESAZIDE's trade dress "ha[d] nothing to do with the purpose or performance of the drug, or with its processing" and that there was "no medical, pharmaceutical or manufacturing reason" that had either required CIBA to select the trade dress or had compelled Bolar to copy it. (A. 19-20, 35-36)[6]

In finding that APRESAZIDE's trade dress was nonfunctional, the Court also rejected, on the facts before it, each of

5 Consistent with prior precedent, the trial judge noted that, "except for the federal law's interstate commerce requirement"—which was plainly satisfied—" 'the elements of the unfair competition torts proscribed by New Jersey law and by section 43(a) of the Lanham Act are the same. . . .' " (A. 34 n.11)

6 In support of this conclusion, the Court found, among other things, that another pharmaceutical manufacturer "has been successfully marketing" distinctly different colored capsules "as generic alternatives" to APRESAZIDE; that the Food and Drug Administration has "declined to ***require***" that generic equivalents be sold in the same trade dress as their brand name counterparts; and that the New Jersey Drug Formulary has taken the "official position" that "differences [in appearance] do ***not*** affect how well the medication works." (A. 20-21; emphasis in original)

Bolar's functionality arguments, the "principal" one being that "patients with chronic illnesses such as hypertension identify the trade dress of their medications with the medical condition for which they are prescribed and that, accordingly, it is necessary for generic equivalents to duplicate the physical appearance of their brand name counterparts to prevent patient confusion and anxiety unless illegal substitution occurs." (A. 21) Based on the testimony of Bolar's own medical expert, the District Court found that any "fears or anxieties of the patient" caused by a different-appearing generic equivalent are "invariably" allayed by an explanation from his physician or pharmacist—which is "standard medical and pharmacy practice"—and that any "temporary anxiety is immediately dissipated." (A. 22, 37-38)

Turning to the second element of "unprivileged imitation," the District Court applied the "well-settled legal criteria for determining secondary meaning" to the record facts, and held that CIBA had demonstrated "a strong likelihood of ultimate success" on this issue as well. (A. 24)[7] In brief, the Court based this finding on:

> "(a) the extended, continuous and exclusive use by CIBA-GEIGY of APRESAZIDE's trade dress; (b) the extensive and costly activities of CIBA-GEIGY in promoting its APRESAZIDE products and their distinctive and arbitrary trade dress; (c) the commercial success that CIBA-GEIGY's APRESAZIDE products have achieved in the market place; and (d) Bolar's intentional copying of APRESAZIDE's trade dress. . . ." (*Id.*)

With specific reference to the last factor, the District Court found that "Bolar deliberately copied the trade dress of CIBA-

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7 In discussing the "well-settled" legal criteria for determining secondary meaning (A. 40-41), the trial judge expressly took account of this Court's *dictum* in *Ives* that "[t]o establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." (456 U.S. at 851 n.11)

GEIGY's APRESAZIDE capsules for its own economic advantage" and that "Bolar's principal motivation in deliberately copying APRESAZIDE's trade dress was to increase sales of its hydralazine hydrochloride/hydrochlorothiazide combinations at the expense of CIBA-GEIGY's APRESAZIDE products." (A. 18)[8]

As an *alternative* basis for its preliminary injunction ruling, the District Court also held that CIBA had demonstrated the requisite likelihood of success with respect to the separate tort of "passing off" under both § 43(a) of the Lanham Act and New Jersey law. (A. 44-47) In particular, based upon (1) the likelihood of confusion between APRESAZIDE and Bolar's look-alike capsules; (2) the "economic incentive" for pharmacists illegally to substitute Bolar's products for CIBA's; (3) the "all too prevalent" existence of illegal substitution by pharmacists;[9] and (4) the fact that "Bolar's principal motivation in deliberately copying APRESAZIDE's trade dress was to increase sales of its [generic equivalents] at the expense of CIBA's APRESAZIDE products," the trial judge found that Bolar's

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8 In holding in CIBA's favor on secondary meaning, the Court also rejected as without evidentiary support Bolar's contentions that CIBA itself had copied the trade dress of another brand name company's product, MINIPRESS, and that the mere market presence of that other product precluded a finding that APRESAZIDE had acquired secondary meaning among APRESAZIDE users. (A. 26-28, 41-42) Similarly, the Court found no probative evidence that "APRESAZIDE" had become the generic name of the products in suit, thereby rejecting Bolar's contention that patients' association of the APRESAZIDE brand name with the products' trade dress could not support a finding of secondary meaning. (A. 29, 43) On the contrary, the trial judge found that "[t]he record established that hydralazine hydrochloride/hydrochlorothiazide is the commonly recognized generic name of the products in suit" and that Bolar had "consistent[ly] used it as such." (A. 29)

9 In support of this conclusion, the Court took judicial notice of the fact that 93 pharmacists and pharmacies in New York City were recently *convicted* of engaging in illegal substitution, and that criminal charges remained outstanding against another 61. (A. 31 n.9)

"duplication of APRESAZIDE's trade dress would facilitate illegal substitution" and that Bolar "reasonably anticipated that its look-alike capsules would be passed off by pharmacies as CIBA's APRESAZIDE products to a not insignificant degree." (A. 29-30, 31, 47) On this basis, the Court concluded that CIBA was likely to prevail at trial on its claim of "passing off" under § 43(a), holding that the Third Circuit's "reasonable anticipation" standard for that tort[10] was unaffected by this Court's limited disposition in *Ives*. (A. 45-46) Moreover, even assuming that *Ives* had been a "passing off" case under § 43(a)—which it was not—the District Court went on to find "alternatively" that "there is a substantial likelihood that plaintiff will succeed in proving that Bolar *actually intended* to facilitate . . . illegal substitution among pharmacists in order to increase its sales"; and that, accordingly, CIBA had satisfied even *Ives*' standard. (A. 30-31, 46-47; emphasis added)

On the issue of irreparable harm, the Court concluded that "it will be impossible for CIBA-GEIGY to calculate the full extent of any lost APRESAZIDE sales resulting from the illegal substitution facilitated by Bolar's conduct, since by definition such substitution will be undisclosed"—thereby "exacerbat[ing] the normally 'difficult' problem of proving lost sales due to infringement." (A. 47) Similarly, the Court concluded that "[t]he balance of equities is in CIBA-GEIGY's favor." (A. 31)

Finally, the District Court turned to the "protection of the public interest." (A. 48) Noting that "the public will be harmed by the existence of defendant's [look-alike] product because it permits, if not encourages, illegal substitution," the trial judge concluded that "the public interest will be served by the issuance of a preliminary injunction which, in effect, will prohibit the facilitation of illegal substitution." (A. 49) And if Bolar actually intended such facilitation—which the Court

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10 *See* SK&F, Co. v. Premo Pharmaceutical Laboratories, Inc., 625 F.2d 1055, 1062-63 (3d Cir. 1980).

found that CIBA had a substantial likelihood of ultimately proving—"all the more reason why injunctive relief is appropriate." (*Id.*) Moreover, the Court concluded, "[e]ven in the case of legal substitution, Bolar's conduct endangers the public interest by jeopardizing the consumer's admitted right to sufficient information so that he can give informed consent to such substitution." (*Id.*)

On the foregoing basis, the District Court entered an order on October 4, 1982 preliminarily enjoining Bolar "pending final adjudication" from "using any simulation, imitation or substantial duplication of [CIBA's] distinctive trade dress . . . in connection with . . . [Bolar's] hydralazine hydrochloride/hydrochlorothiazide products for the treatment of hypertension." (A. 6) Without seeking a stay of that injunction, Bolar then appealed to the Third Circuit.[11]

B. The Court of Appeals' Affirmance

On October 14, 1983, the Third Circuit, in a *per curiam* opinion, unanimously "affirm[ed] the district court's grant of a preliminary injunction" under the "narrow scope" of appellate review traditionally applied in such cases. (A. 3-4)[12] Noting the "heavy burden" that Bolar carried in order to achieve reversal, the Court of Appeals found "no merit to [its] arguments seeking to overturn the grant of a preliminary injunction." (*Id.*) As the Third Circuit concluded:

> "After reviewing the record, the briefs and arguments of the parties, and Judge Sarokin's thoughtful and detailed opinion, we hold that the district court did not abuse its discretion, commit an obvious error in applying the law,

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11 In the Third Circuit, as in this Court, the NAPM—a trade association of generic drug manufacturers and distributors—appeared as *amicus curiae* on Bolar's behalf. The other *amici* in this Court did not feel sufficiently impelled to submit briefs in the Third Circuit.

12 The Third Circuit panel consisted of Judges Higginbotham and Hunter and, sitting by designation, Judge Giles from the Eastern District of Pennsylvania.

or make a serious mistake in considering the proof." (A. 4)

As for Bolar's contention that the district judge had erred in failing to read *Ives* as overruling the "reasonable anticipation" standard for the tort of "passing off" under § 43(a), the Third Circuit noted in a footnote that "we need not address this issue" because that standard was nevertheless "mandated" under New Jersey law; and because, in any event, under both § 43(a) and state law, the District Court's alternative holding with respect to "unprivileged imitation" provided "a sufficient independent basis for affirming the district court's grant of preliminary injunctive relief." (A. 4 n.1)

C. The District Court's Subsequent Entry of Final Judgment and Bolar's Pending Appeal From That Judgment

In December 1983—more than three weeks *before* Bolar filed its Petition seeking review of the Third Circuit's judgment affirming the issuance of the preliminary injunction—the District Court, at Bolar's urging and with CIBA's consent, converted the preliminary injunction hearings to "the trial on the merits of this action" and entered a *final* judgment which provided, *inter alia,* that "the preliminary injunction issued on October 4, 1982 is made permanent." (A. 52, 54-55) Moreover, on January 19, 1984—one week *after* it filed its Petition in this Court—Bolar appealed the District Court's final judgment to the Third Circuit—an appeal which has neither been briefed nor argued, much less decided by that court.[13]

The net effect of these developments is plain: By its Petition, Bolar is asking this Court to adjudicate the propriety of a preliminary injunction which, although affirmed by the Third Circuit, is no longer in effect, while the propriety of the final judgment, under which Bolar is now permanently restrained, is pending review by the Third Circuit.

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13 Bolar's notice of appeal is appended hereto as an addendum.

REASONS FOR DENYING THE WRIT

I. There Is No Justiciable Controversy Before This Court.

According to its statement of "jurisdiction," Bolar is seeking "[a] writ of certiorari . . . to review the judgment of the United States Court of Appeals for the Third Circuit dated and entered October 14, 1983." (Petition at 2) As already noted, that judgment did no more than "affirm the district court's grant of a preliminary injunction" (A. 4)—a preliminary injunction which has since been superseded by the District Court's entry of a *final* judgment which is now on appeal to the Third Circuit and whose propriety has not yet been passed upon by that Court.[14]

In these circumstances, there is no justiciable controversy before this Court. Nor will there be such a controversy until the Third Circuit determines Bolar's pending appeal from the District Court's final judgment and the unsuccessful party seeks a writ of certiorari from this Court to review that determination. Since the judgment of the Third Circuit which Bolar is presently seeking to review merely affirmed, under the Third Circuit's "narrow scope of review," the issuance of a preliminary injunction which is no longer in effect, what Bolar actually seeks from this Court is an opinion on the propriety of the District Court's subsequently entered permanent injunction *before* that issue has been addressed by the Third Circuit in Bolar's pending appeal to that court. For this Court to indulge Bolar would run directly counter to its limited Article III

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14 Unquestionably, the District Court had jurisdiction to enter a final judgment despite the fact that the Third Circuit had stayed its mandate with respect to the preliminary injunction affirmance pending the filing of Bolar's present Petition. For it is well-settled that "an appeal from an interlocutory order granting or denying preliminary injunctive relief does not strip the district court of jurisdiction to proceed with the action on the merits." Thomas v. Board of Educ., 607 F.2d 1043, 1047 n.7 (2d Cir. 1979). *Accord, Ex parte* Enameling & Stamping Co., 201 U.S. 156, 162 (1906).

jurisdiction to decide only actual "cases and controversies" and its long-standing corollary rule against advisory opinions.[15]

Put another way, the District Court's entry of final judgment has rendered Bolar's Petition moot, since the Third Circuit's judgment which Bolar seeks to review was limited to the propriety of the District Court's preliminary injunction and since Bolar is no longer restrained by that temporary order but rather by a permanent injunction whose propriety has not yet been determined by an intermediate appellate court. "There being no subject matter upon which the judgment of this Court can operate, the cause is moot." *Amalgamated Association of Street, Electric Railway & Motor Coach Employees* v. *Wisconsin Employment Relations Board*, 340 U.S. 416, 418 (1957).[16]

Nor can the lack of a justiciable controversy be remedied by simply *assuming* that the Third Circuit will affirm the District Court's permanent injunction on the same basis that it affirmed the preliminary injunction. For as this Court has recently emphasized, there are "significant procedural differences between preliminary and permanent injunctions," *University of Texas* v. *Camenisch*, 451 U.S. 390, 394 (1981)—not the least of which is that a party "is not required to prove

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15 *See, e.g.*, Flast v. Cohen, 392 U.S. 83, 96 n.14 (1968); United States v. Fruehauf, 365 U.S. 146, 157 (1961); Oil Workers Unions v. Missouri, 361 U.S. 363, 367-68 (1960); Amalgamated Ass'n of Street, Elec. Ry. & Motor Coach Employees v. Wisconsin Employment Relations Bd., 340 U.S. 416, 418 (1957).

16 Application of the mootness doctrine—which, like the rule against advisory opinions, is part and parcel of the concept of justiciability and Article III's case-and-controversy limitation, *see* Flast v. Cohen, *supra*, 392 U.S. at 95—is not confined to instances where subsequent developments moot the entire lawsuit. *See* University of Texas v. Camenisch, 451 U.S. 390, 394 (1981). The present situation "is simply another instance in which one issue in a case"—here, the propriety of the District Court's preliminary injunction—"has become moot, but the case as a whole remains alive because other issues have not become moot." (*Id.*)

[its] case in full at a preliminary injunction hearing," but can prevail by demonstrating a "likelihood of success"; whereas, to obtain a permanent injunction, a party must fully establish the merits of its claims by a preponderance of the credible evidence. (*Id.* at 394, 396) And this "significant" difference leads, in turn, to a more limited standard of appellate review for preliminary injunctions than for permanent injunctions. This Court recently underscored that difference in *New York State Liquor Authority* v. *Bellanca*, 452 U.S. 714, 716 (1981):

> "[B]ecause *Doran* arose in the context of a preliminary injunction, we limited our standard of review to whether the District Court abused its discretion in concluding that plaintiffs were *likely* to prevail on the merits of their claim, not whether the ordinance actually violated the First Amendment. *Thus, the decision may not be considered a 'final judicial decision based on the actual merits of the controversy.*' " (Emphasis added)[17]

For this reason, the normal appellate process cannot be circumvented by treating the Third Circuit's affirmance of the District Court's preliminary injunction as its yet-to-be-rendered decision on the actual merits of the controversy and the propriety of the District Court's final judgment. It is beside the point that the final judgment is predicated on precisely the same record as the preliminary injunction order. (A. 54) The critical fact is that the District Court's conversion of the preliminary injunction proceedings to the trial of the merits occurred *after* the Third Circuit's affirmance under its "narrow scope of review." Thus, until that court passes upon the merits of Bolar's pending appeal, it is impossible to know

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17 Accordingly, this Court has long held that, absent "exceptional" circumstances, it will "not issue a writ of *certiorari* to review a decree of the Circuit Court of Appeals on appeal from an interlocutory order." American Constr. Co. v. Jacksonville Ry., 148 U.S. 372, 384 (1893). *A fortiori*, certiorari should be denied where the interlocutory order appealed from has been superseded by a final judgment which is pending review by the Court of Appeals.

whether it will reach the same result exercising plenary review. Although CIBA is firmly convinced that it will again prevail on appeal, neither the strength of that conviction nor Bolar's willingness to concede the outcome is a substitute for an authoritative ruling from the Court of Appeals affirming the District Court's final judgment. For as this Court has repeatedly held, "[n]o stipulation of parties or counsel . . . can enlarge the power, or affect the duty of the court" not to render "advance expressions of legal judgment upon issues which remain unfocused because they are not pressed before the Court with that clear concreteness provided when a question emerges precisely formed and necessary for decision. . . ." *United States* v. *Alaska Steamship Co.*, 253 U.S. 113, 116 (1920); *United States* v. *Fruehauf, supra*, 365 U.S. at 157.

In sum, the present Petition fails to present a justiciable controversy for this Court to resolve and, for that reason alone, certiorari should be denied.

II. Even Assuming the Existence of a Justiciable Controversy, This Case Does Not Warrant the Exercise of This Court's Extraordinary Certiorari Jurisdiction.

A. The Lower Courts' Finding With Respect to the Tort of "Unprivileged Imitation" Presents No Conflict With This Court's Narrow Disposition in *Ives*.

As previously noted, the District Court found that CIBA was likely to prove at trial that Bolar's intentional copying of APRESAZIDE's trade dress constituted "unprivileged imitation" in violation of both § 43(a) of the Lanham Act and state unfair competition law (A. 35-44); and the Third Circuit affirmed that finding as "a sufficient independent basis" to support the District Court's preliminary injunction. (A. 4 n.1) Contrary to Bolar's contention (Petition at 15-26), these rulings do not "conflict" with this Court's limited disposition in *Ives*—either with respect to "nonfunctionality" or "secondary meaning," the two constituent elements of "unprivileged imitation."

Insofar as nonfunctionality is concerned, the difference in result between this case and *Ives* is attributable not to any conflict in legal standards, but solely to the fact that two trial judges, after evaluating the credibility of the witnesses and weighing the evidence before them, reached different factual conclusions with respect to the issue—hardly a matter which is worthy of certiorari. As for secondary meaning, this Court did not even address the issue in *Ives*, except in a passing footnote which the trial judge here expressly took into account in finding, on the record before him, that CIBA was likely to prevail on that element of "unprivileged imitation" as well—another fact-bound determination which does not warrant certiorari.

1. *Nonfunctionality*

Contrary to Bolar's contention, the District Court did not "specifically decline[ ] to follow the legal standards for 'functionality' . . . affirmed by this Court in [*Ives*]." (Petition at 3) In fact, the trial judge quoted precisely the legal standard for functionality enunciated by this Court in *Ives* and, applying that standard to the evidence before him, found as a matter of fact that APRESAZIDE's trade dress was nonfunctional. (*See* A. 35, *quoting* 456 U.S. at 850 n.10) Thus, in order to manufacture a conflict, Bolar is forced to argue that *Ives* holds *as a matter of law* that the trade dress of every prescription drug product is functional. (Petition at 17-19) As the District Court correctly held, this sweeping contention fundamentally misconceives *Ives*' limited holding.

The narrow issue resolved by this Court in *Ives* was whether the Second Circuit had exceeded the scope of its appellate review by reversing the trial court's holding that the defendants' duplication of the plaintiff's trade dress for its CYCLOSPASMOL product did not constitute contributory trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114. While the district court in *Ives* had also rejected plaintiff's § 43(a) claim on the facts before it,

neither the Second Circuit nor this Court reached that holding. (456 U.S. at 853, 858-59)[18]

In deciding the § 32 issue in *Ives*, this Court noted that "[w]hile the doctrine of functionality is most directly related to the question of whether a defendant has violated § 43(a) of the Lanham Act"—the statutory provision relied upon here—"a finding of functionality may also be relevant to an action involving § 32," since it tends to indicate "a legitimate reason for producing an imitative product." (456 U.S. at 858 n.20) In that limited context, this Court held that the Second Circuit had committed reversible error by "substitut[ing] its interpretation of the evidence for that of the trial court" without first rejecting the District Court's fact finding of functionality as "clearly erroneous" under Rule 52(a). (*Id.* at 855, 857) As the Court explained:

> "The appellate court was not entitled simply to disregard the District Court's finding of functionality. . . . If the Court of Appeals disagreed with the District Court's factual findings, it should not have dismissed them without finding them clearly erroneous." (*Id.* at 858 n.20)

This Court's precise holding—that "[t]he Court of Appeals erred in setting aside *findings of fact* that were not clearly erroneous" (*id.* at 858; emphasis added)—puts the lie to Bolar's contention that *Ives* ruled that all drug trade dress is functional as a matter of law.[19]

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18 Thus the passage from this Court's opinion which Bolar cites as an "affirm[ance]" of the "specific tests of functionality for drug product appearance established by the trial court" (Petition at 17) is, in fact, nothing more than this Court's background recitation of what the trial court had held with respect to plaintiff's § 43(a) claim—a claim which Justice O'Connor immediately went on to state was "not reach[ed]" by the Second Circuit. (456 U.S. at 853)

19 Indeed, this Court did not even view the trial court's factual finding of functionality in *Ives* as dispositive of plaintiff's § 43(a) claim. Instead, it remanded the case to the Second Circuit for an "indepen-

The critical distinction between this case and *Ives* is that here the Third Circuit *affirmed* a district court fact finding of nonfunctionality as not being clearly erroneous, whereas in *Ives* the Second Circuit *reversed* a fact finding of functionality without holding it clearly erroneous. Thus, the District Court correctly held that "[n]othing in *Ives* precludes this court from evaluating the relevant evidence and concluding that the trade dress here in issue is nonfunctional." (A. 39-40)

Viewed properly, then, the only issue presented by Bolar with respect to functionality is whether the Third Circuit erred in affirming the District Court's fact finding of nonfunctionality as not being clearly erroneous—an issue that hardly merits the sparing exercise of this Court's certiorari jurisdiction. Indeed, in *Ives* itself, Justice White stated that "if the issue presented in the petitions for certiorari had been whether the clearly erroneous standard, although properly invoked, was erroneously applied, it is doubtful in my mind that this fact-bound issue would have warranted certiorari." (456 U.S. at 859) Justice White's skepticism reflects this Court's long-standing view that "[w]e do not grant certiorari to review evidence and discuss specific facts." *United States* v. *Johnston*, 268 U.S. 220, 227 (1925). As this Court's "repeated pronouncements" have made clear, "it 'cannot undertake to re-

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dent review" of that claim. (456 U.S. at 858-59) Had the Court held that drug trade dress was functional as a matter of law, that remand would have been unnecessary. Nor did the Second Circuit on remand view this Court as holding that drug trade dress was functional as a matter of law. Rather, the Second Circuit affirmed the dismissal of plaintiff's § 43 claim on the basis of the trial judge's *factual* findings which the Second Circuit held could not be "label[ed] . . . clearly erroneous." (A. 59) In this connection, it is noteworthy that, as the *amicus* NAPM correctly states, the Second Circuit's remand opinion was "not published per Second Circuit Rule 0.23" (NAPM Br. at 2)—which means that "each judge believe[d] that no jurisprudential purpose would be served" by such publication. (2d Cir. R. 0.23) If, in fact, the Second Circuit had read *Ives* to hold that all drug trade dress was functional as a matter of law, it surely would have been of sufficient "jurisprudential" import to have warranted the opinion's publication.

view concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error.' " *Berenyi* v. *Immigration Director*, 385 U.S. 630, 635 (1967), *quoting Graver Mfg. Co.* v. *Linde Co.*, 336 U.S. 271, 275 (1949). No such "obvious and exceptional" showing has been or could be made here given the ample evidentiary support for the District Court's nonfunctionality finding. (*See* A. 19-24)

2. *Secondary Meaning*

Equally bereft of merit is Bolar's contention that the decision below "conflicts" with *Ives* "as to the standards for establishing 'secondary meaning' of drug color." (Petition at 20) Indeed, this Court did not even address the issue of secondary meaning in *Ives*, except for a passing footnote to this Court's background recitation of the trial court's § 43(a) holding (456 U.S. at 851 n.11)—a holding which this Court never reached. (*Id.* at 858-59) Moreover, the District Court here expressly quoted the definition of secondary meaning contained in that footnote in "[a]pplying the well-settled legal criteria for determining secondary meaning. . . ." (A. 24, 40) Bolar is thus dead wrong in asserting that the trial court "specifically declined to follow the legal standards for . . . 'secondary meaning' of drug appearance affirmed by this Court in [*Ives*]." (Petition at 3)[20]

As in the case of nonfunctionality, what Bolar is actually quibbling with is the District Court's assessment of the evidence with respect to secondary meaning, its factual findings with respect to that issue and the Third Circuit's affirmance of those findings as not being clearly erroneous. As we have already demonstrated with respect to nonfunctionality, those are plainly not matters which warrant this Court's review. (*See* pp. 16-17, *supra*) Given the ample evidentiary support for the

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20 Nor, for the reasons already discussed with respect to nonfunctionality, *see* p. 16 n.19, *supra*, is Bolar correct in contending that the decision below with respect to secondary meaning conflicts with the Second Circuit's decision on remand in *Ives*.

District Court's secondary meaning findings (A. 14-18, 24-28, 40-42), Bolar has not made, nor could it make, the "very obvious and exceptional showing of error" which is required before this Court will "undertake to review concurrent findings of fact by two courts below. . . ." *Berenyi* v. *Immigration Director, supra*, 385 U.S. at 635.[21]

In sum, not only is there no conflict between *Ives* and the lower courts' finding with respect to the tort of "unprivileged imitation," but that finding—which alone was sufficient to support the District Court's preliminary injunction—was eminently correct.[22]

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21 Even a cursory review of the District Court's opinion demonstrates that its fact findings concerning secondary meaning were not clearly erroneous. (A. 14-18, 24-28, 40-42) Indeed, they were based on indisputable evidence of the kind the courts throughout the Circuits have traditionally relied upon in determining secondary meaning—including defendant's intentional copying without legitimate justification. Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 82 (3d Cir. 1982); Faberge, Inc. v. Saxony Prods., Inc., 605 F.2d 426, 428 (9th Cir. 1979); W.E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 661 (2d Cir. 1970); Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1220 & n.13 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); Midway Mfg. Co. v. Dirkschneider, 543 F. Supp. 466, 485-87 (D. Neb. 1981). *See* J. McCarthy, *Trademarks & Unfair Competition* § 15.16 (1973); J. Gilson, *Trademark Protection & Practice* § 2.09[1] (1982). Bolar's assertion that the District Court found "mere copying" to be sufficient proof of secondary meaning (Petition at 26) ignores not only the other probative evidence on the issue, but also the trial judge's rejection of the testimony of Bolar's president that it copied APRESAZIDE's trade dress for legitimate reasons (A. 18, 29-31)—a matter of credibility uniquely within the trial judge's province. Berenyi v. Immigration Director, *supra*, 385 U.S. at 635-36. Similarly supported by substantial record evidence was the District Court's finding that the market presence of Pfizer's antihypertensive MINIPRESS did not preclude a finding of secondary meaning in APRESAZIDE's trade dress. (A. 27-28, 41-43)

22 Bolar's contention that the "lower courts improperly based a nationwide injunction on New Jersey state law" (Petition at 26) ignores the fact that the elements of "unprivileged imitation"—nonfunctionality and secondary meaning—are the same under § 43(a) of the Lanham Act, as this Court itself indicated in *Ives*. (456 U.S. at

B. The Lower Courts' Alternative Finding With Respect to the Tort of "Passing Off" Presents No Conflict With This Court's Narrow Disposition in *Ives*.

Although noting that it was "unnecessary" to address CIBA's second claim in light of its favorable finding on "unprivileged imitation," the District Court—"for the sake of completeness"—held in the alternative that CIBA had also established the requisite likelihood of success with respect to the independent tort of "passing off" under both § 43(a) and New Jersey law. (A. 44-47) The Third Circuit, however, expressly declined to address the District Court's "passing off" holding under § 43(a), finding instead that its conclusions with respect to "passing off" were "mandated" by New Jersey law. (A. 4 n.1) Accordingly, because the Third Circuit's affirmance with respect to "passing off" rested solely on an alternative state law ground, there is no conflict with *Ives*. Nor is the Third Circuit's interpretation of New Jersey law worthy of certiorari. As this Court declared in *Huddleston* v. *Dwyer*, 322 U.S. 232, 237 (1944), "ordinarily we accept and therefore do

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850-51) Nor is Bolar correct that the decision below will stifle legitimate competition. (Petition at 13-15, 27 n.10) On the contrary, Bolar is entirely free to market its generic version of APRESAZIDE in distinctly different colored capsules and to compete with CIBA's products on the merits—in terms of price, quality and reputation—just as another drug manufacturer has successfully done without appropriating APRESAZIDE's trade dress. (A. 20) Similarly, there is no merit to Bolar's argument that this Court's decisions in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964), and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964), preclude trade dress protection under the federal and state laws of unfair competition. Indeed, the Second Circuit in *Ives* explicitly rejected that contention (Ives Laboratories, Inc. v. Darby Drug Co., 601 F.2d 631, 639-44 (2d Cir. 1979)), and this Court, by remanding for an "independent review" of plaintiff's § 43(a) and "state unfair competition" claims (456 U.S. at 858-59), implicitly did so as well. *Accord*, SK&F, Co. v. Premo Pharmaceutical Laboratories, Inc., 625 F.2d 1055, 1064-65 (3d Cir. 1980); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203-04 (2d Cir. 1979); Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1214-15 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *In re* Honeywell, Inc., 497 F.2d 1344, 1347-49 (C.C.P.A.), *cert. denied*, 419 U.S. 1080 (1974).

not review, save in exceptional cases, the considered determination of questions of state law by the intermediate federal appellate courts." *Accord*, *Estate of Spiegel* v. *Commissioner*, 335 U.S. 701, 707-08 (1949).[23]

Moreover, even if the Third Circuit had reached the District Court's "passing off" holding under § 43(a) and had affirmed that holding, there would still be no conflict with *Ives* because (1) *Ives* did not involve a claim of "passing off" under § 43(a); and (2) the District Court not only found that Bolar "reasonably anticipated" that its look-alike product would be illegally substituted for CIBA's APRESAZIDE, but also that it "actually intended" that result. (A. 30-31, 46-47)

As already noted, this Court never reached plaintiff's § 43(a) claim in *Ives*. The reversal of the Second Circuit for failure to comply with Rule 52's clearly erroneous standard was limited to plaintiff's claim of contributory trademark infringement under § 32 of the Lanham Act. Thus, this Court stated that "the judgment of the Court of Appeals that the petitioners violated § 32 of the Lanham Act is reversed." (456 U.S. at 858) In contrast, the case was remanded to the Second Circuit for an "independent review" of plaintiff's § 43(a) claim because—as this Court was at pains to note—that provision "prohibits a broader range of practices than § 32, as may the state unfair competition law. . . ." *Id.* Accordingly, *Ives*' purported rejection of the "reasonable anticipation" standard was confined, on its face, to § 32 claims of contributory trademark infringement.

In applying the "reasonable anticipation" standard for the tort of passing off under § 43(a), the District Court followed

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23 Bolar misstates the record by asserting that New Jersey has "no interest in or subject matter jurisdiction over" its look-alike sales because it allegedly "intentionally avoided selling its product into New Jersey." (Petition at 4) Not only did Bolar prepare sworn applications for inclusion of its look-alike product on the New Jersey Formulary in order to permit New Jersey pharmacists to substitute it for CIBA's APRESAZIDE, but Bolar's president testified that if Bolar were not enjoined, "we would sell [our look-alike product] in *any* place in the country." (*See* R. 240, 1932-37; emphasis added)

the lead of *SK&F, Co.* v. *Premo Pharmaceutical Laboratories, Inc.*, 625 F.2d 1055 (3d Cir. 1980), where the Third Circuit gave concretion to *Ives*' statement that that provision outlaws a "broader range" of conduct than does § 32. There, citing Judge Hastie's "leading" opinion in *L'Aiglon Apparel, Inc.* v. *Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954), the Third Circuit explained that "[i]t is well established that Section 43(a) proscribes not only acts that would technically qualify as trademark infringement, but also unfair competitive practices involving actual or potential deception," including the tort of passing off. (625 F.2d at 1065) Because of that "broader" reach, the "reasonable anticipation" standard promotes § 43(a)'s purposes. For, as the District Court reasoned:

> "By putting in the hands of pharmacists, through intermediate wholesalers and distributors, a product which admittedly will facilitate illegal passing off, Bolar knowingly creates a real potential for deception, whether or not it is technically guilty of contributory trademark infringement." (A. 46)

Moreover, even if *Ives* overruled the "reasonable anticipation" standard for the tort of passing off under § 43(a), and even if the Third Circuit had reached the District Court's passing off holding under § 43(a) and had affirmed it, there would still be no conflict with *Ives* because of the District Court's "[a]lternative" finding that "[t]here is a substantial likelihood that plaintiff will succeed in proving that Bolar *actually intended* to facilitate . . . illegal substitution among pharmacists in order to increase its sales." (A. 30-31, 46-47; emphasis added) For, as the District Court explained (A. 46), that finding satisfies even the higher "intent" standard for contributory infringement advanced by Justice White in *Ives* (456 U.S. at 860), and the one which Bolar contends that the majority opinion in fact adopted. (Petition at 11-13) Nor is the District Court's "alternative" finding as to Bolar's actual intent worthy of certiorari review, even assuming that the Third Circuit had reached the matter. For as this Court has held, the issue of intent "is a pure question of fact, subject to

Rule 52's clearly-erroneous standard," *Pullman-Standard* v. *Swint*, 456 U.S. 273, 287-88 (1982), which "depend[s] peculiarly upon the credit given to witnesses by those who see and hear them." *United States* v. *Yellow Cab Co.*, 338 U.S. 338, 341 (1949).[24]

Finally, and apart from all else, it would be inappropriate for this Court to grant certiorari to review the District Court's § 43(a) "passing off" holding *unless* it were also prepared to conclude that the District Court's alternative holding with respect to "unprivileged imitation" merited certiorari review. For otherwise the Court would be violating its venerable rule against advisory opinions, since that alternative holding provides an independently sufficient basis for affirming the order below.

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24 Nor is there any doubt that the District Court's finding in this regard could withstand scrutiny under the clearly erroneous test. (*See* A. 18, 29-31, 46-47) In brief, Bolar's president testified that Bolar's sales would be substantially greater if it copied APRESAZIDE's trade dress rather than marketing non-look-alike generic versions, and that Bolar's wholesale customers "prefer[red]" it to duplicate APRESAZIDE's trade dress in order to increase their sales. (R. 206-07, 218-20, 620-23) Given the undisputed testimony of Bolar's medical expert that patients invariably accept different-looking generic substitutes if proper medical and pharmaceutical procedure is followed (A. 22-23)—that is, if they are told that the generic equivalent is chemically and therapeutically identical—the only plausible inferences are (1) that Bolar intended that the substantial sales increase it anticipated from selling its product in a look-alike version would be achieved through the facilitation of *illegal*, not legal, substitution; and (2) that, under the recent formulation in Sony Corp. v. Universal City Studios, Inc., 52 U.S.L.W. 4090, 4095 n.19 (U.S. Jan. 17, 1984), Bolar supplied its look-alike product—"which could readily be passed off"—to customers who it knew would engage in illegal substitution. When coupled with the trial judge's unique opportunity to evaluate the credibility and demeanor of Bolar's president—whose testimony was impeached no fewer than *seven* times by his flatly inconsistent deposition testimony—his finding of actual intent to facilitate illegal substitution had more than sufficient evidentiary support to pass muster under Rule 52(a). (*See* A. 11; R. 188-90, 195-97, 204, 206-18, 221-25, 233-34, 262-66)

CONCLUSION

For all the foregoing reasons, it is respectfully submitted that the Petition should be denied.

Dated: February 15, 1984

Respectfully submitted,

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ADDENDUM

UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEW JERSEY

CIBA-GEIGY CORPORATION, Plaintiff,	:	Before: Hon. H. Lee Sarokin
	:	Civil Action No. 82-788
vs.	:	NOTICE OF APPEAL
BOLAR PHARMACEUTICAL CO., INC., Defendant.	:	

Notice is hereby given that Bolar Pharmaceutical Co., Inc., appeals to the United States Court of Appeals for the Third Circuit from the Final Judgment filed on December 23, 1983, and entered on December 28, 1983, granting Ciba-Geigy's application for a permanent injunction and entering final judgment in favor of Ciba-Geigy.

Respectfully submitted,

BENDIT, WEINSTOCK & SHARBAUGH
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by: /s/ James F. Keegan

Dated: January 19, 1984

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PROOF OF SERVICE

I, Richard A. De Sevo, an attorney for Respondent herein, and a member of the Bar of the Supreme Court of the United States as of February 21, 1984, do hereby certify that on the 15th day of February 1984, I served three copies of the foregoing Brief for Respondent CIBA-GEIGY Corporation in Opposition to Petition for Writ of Certiorari and the addendum attached thereto, by mailing and depositing same in the United States Post Office or mail box, with first class postage prepaid, in a duly addressed envelope, to Robert B. Jones, Fitch, Even, Tabin & Flannery, 135 South LaSalle Street, Chicago, Illinois 60603. I further certify that all parties required to be served have been served.

Dated: February 15, 1984

/s/ Richard A. De Sevo

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